

Memo

To: Angi Thompson, Lake County Impact Fee Coordinator

From: Nilgun Kamp, AICP, Senior Project Manager

Date: 11/16/2007

Re: Lake County Impact Fee Administrative Cost Analysis

Pursuant to Section 125.01056 (6) of the 2006 Florida Impact Fee Act, Lake County's administrative charges on the collection of impact fees must be limited to the actual costs associated with "the imposition, collection, accounting, and disbursement of the impact fees." The County wishes to capture the administrative costs on a per-permit application basis. Therefore, this section documents a review of the administrative costs of the impact fee program in relation to all permit applications requiring review for impact fee purposes.

Administrative Cost Analysis

Review of Impact Fee-Related Expenditures

To determine the administrative cost per permit application, a review of Lake County's FY 2008 budget for impact fee-related expenditures was conducted. Table 1 summarizes the County's impact fee-related expenditures. It should be noted that the "Consultant Services" line item under the Professional Services category represents an average estimated annual amount to update the County's fees. The County's ordinance requires the update of impact fee technical studies every three years, and, given that the preparation and adoption of a study may take up to two years, a five-year cycle is used to calculate this annual expenditure.

Table 1
Impact Fee-Related Expenditures

Category	Fiscal Year 2008
Operating Expenses	
Salary	\$86,238
Benefits	\$38,357
Travel	\$1,000
Office Supplies	\$1,950
Operating Supplies	\$0
Books, Pubs, Dues	\$1,012
Other Operating Expenses	\$2,800
<i>Subtotal - Operating Expenses</i>	<i>\$131,357</i>
Professional Services	
Consultant Services	\$47,198
Legal Services	\$2,500
Contractual Services	\$500
<i>Subtotal - Professional Services</i>	<i>\$50,198</i>
Total	\$181,555

Source: Lake County FY 2008 Budget

Review of Permit Applications

The second step in determining the administrative cost per permit application is a review of all permit applications requiring a review by Lake County staff for impact fee purposes. Table 2 summarizes the number of permit applications reviewed by the County over the past four fiscal years.

Table 2
Historical Permits

Fiscal Year	Number of Permit Applications
2003	5,744
2004	7,006
2005	6,606
2006	4,619
Total	23,975
Annual Average	5,994

Source: Lake County

Impact Fee Administrative Cost per Permit Application

To determine the appropriate impact fee administrative cost per permit application, the total amount of impact fee-related administrative expenditures from the FY 2008 budget is divided by the average number of permit applications over the past four years. As presented in Table 3, the resulting amount that should be charged to recoup impact fee-related administrative costs is \$30 per permit application.

Table 3
Administrative Cost per Permit Application

Item	Figure
FY 2008 Administrative Expenditures ⁽¹⁾	\$181,555
Average Annual Permit Applications ⁽²⁾	5,994
Average Cost per Permit Application ⁽³⁾	\$30

(1) Source: Table 1

(2) Source: Table 2

(3) Administrative expenditures (Item 1) divided by the number of permit applications (Item 2)

It should be noted that the calculated amount of \$30 represents a review fee and should be charged to each application reviewed by the Impact Fee Coordinator/Staff even if the review finds that the applicant does not need to pay any impact fees.

Historically, the County retained three percent of the impact fee for administrative cost, which was the common practice by many jurisdictions. Based on the impact fee collections over the past four years, this method would amount to an average of approximately \$960,000 per year. As such, the calculated fee of \$30 provides a significantly lower amount of revenues.

It is recommended that the administrative fee collected in relation to administrative expenses be reviewed annually over the next few years and be updated if necessary.